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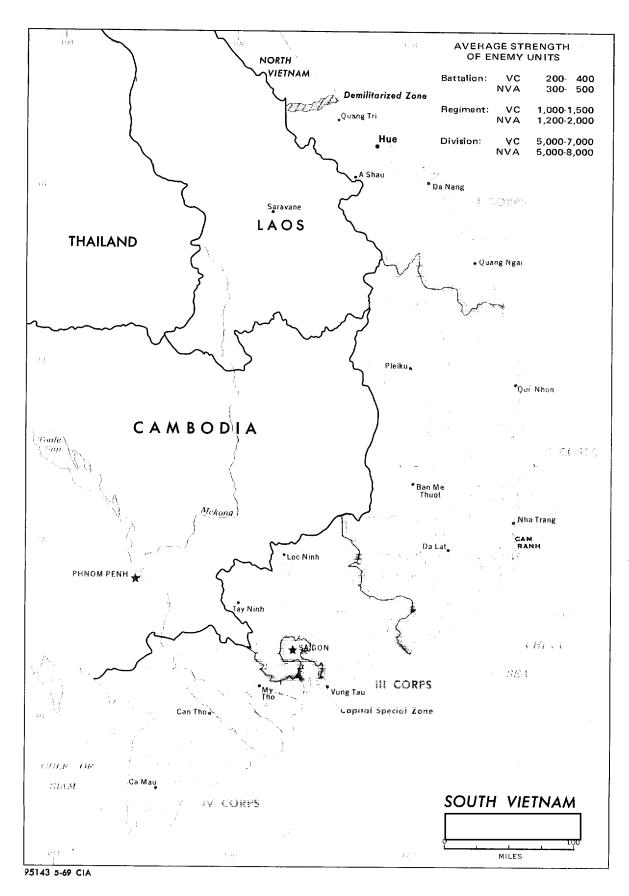
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South Vietnam: More shellings in I Corps and a continuing ground battle in the central highlands made up the bulk of enemy-initiated activity on 25-26 May.

The Communists recently have increased mortar and rocket attacks throughout the northernmost provinces. Enemy gunners launched 15 separate attacks on 25 May. One mortar barrage, fired from the Demilitarized Zone, ignited a US Marine ammunition dump, killing at least three US troops and wounding 24. Hue was hit with four 122-mm. rockets early on 26 May but no casualties or damage resulted.

Captured documents and prisoner interrogations have given further evidence of the deployment of elements of the 273rd Regiment from III Corps to western IV Corps. This regiment, a subordinate of the Viet Cong 9th Division, has recently been heavily reinforced with North Vietnamese infiltrators. This appears to be the first enemy effort to introduce substantial numbers of North Vietnamese combat troops into the delta. In the past, Northern regulars have shown up only in advisory or support roles.

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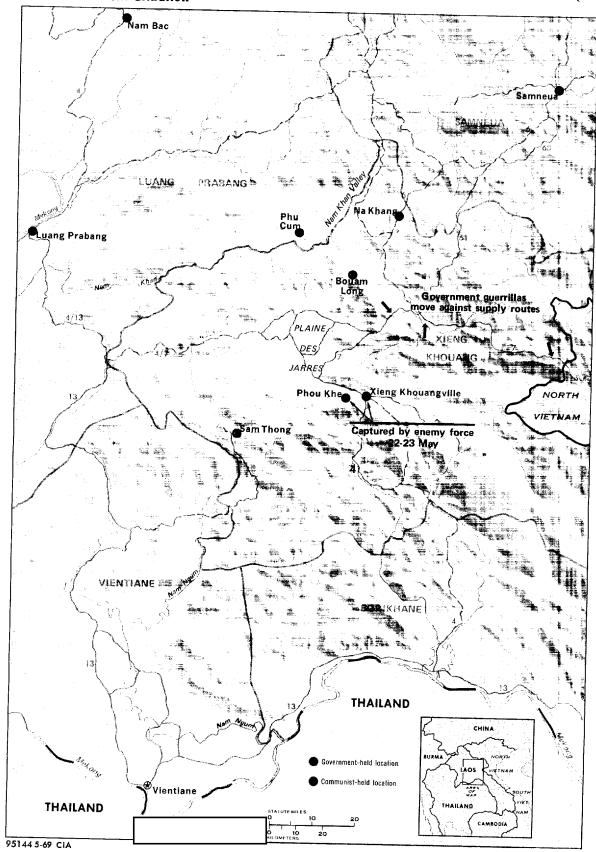
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LAOS: Current Situation



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Laos: The Communists have recaptured Xieng Khouangville, but Meo leader Vang Pao is still pressing his counteroffensive in the Plaine des Jarres area.

A multibattalion Pathet Lao and North Vietnamese force captured the remaining government positions on the strategic highpoint of Phou Khe on 22 May, and the following day forced heavily outnumbered government troops to abandon Xieng Khouangville. Government guerrilla teams have also pulled back from positions along Route 4, from which they had interdicted Communist supply movements since the government counteroffensive got under way over a month ago.

Vang Pao, who has written off Xieng Khouangville as indefensible, hopes to muster about four battalions to recapture Phou Khe. If this operation succeeds, he evidently plans, with Prime Minister Souvanna's encouragement, to press his offensive northward into the Plaine des Jarres itself. Government troops are still holding positions they captured two weeks ago on the southern edge of the Plaine, and guerrillas with strong US air support are now moving against the Communist supply routes leading into the Plaine.

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USSR-Bulgaria: Recent agreements signed in Moscow will increase Bulgaria's economic dependence on the USSR.

The agreements provide for a "significant increase" in Soviet deliveries of oil, natural gas, cellulose, steel ingots, steel sheets, and foundry pig iron during 1971-75. In repayment, Bulgaria is to ship "traditional products" from its food, textile, and other consumer goods industries. Mutual deliveries of machinery and equipment are to be accelerated, and an agreement on computers was also signed.

The USSR agreed to increase its capacity to produce a number of raw materials for Bulgaria. The announcement hints, but does not specifically state, that Bulgaria may have to supply labor or investment funds to expand these industries. Bulgarian workers are already employed in the Soviet lumber industry.

The May agreement appears to formalize earlier commitments, some of which may have been oral. The USSR extended a sizable credit to Bulgaria last year, and an understanding was reached between Brezhnev and Zhivkov on certain deliveries last fall.

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Argentina: Security forces were successful last weekend in containing student protests without producing more "martyrs," but student agitators have not yet been quelled.

The students have met with some success in enlisting labor support; a nationwide strike has been called for 30 May, and more trouble is expected.

Top military leaders, reportedly including the three commanders in chief of the armed forces, are using the disorders to renew requests for high-level personnel changes. They are demanding that the minister of interior, the secretary of education, and the secretary of information and tourism, as well as most rectors of the national university system, be fired for "mishandling" the situation.

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NOTES

West Germany - Cambodia:

increased that the West Germans will break relations with Cambodia over its recognition of East Germany. Bonn officials are irked by the failure of the Cambodian ambassador to respond to a request to explain his government's action, and by Prince Sihanouk's reported remarks ascribing Nazi tendencies to the Bonn government.

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The possibility has

USSR-Cuba: The USSR will supply Cuba with three tankers of 15,000 deadweight tons during 1970-71, according to a contract signed on 23 May. The tankers, which are the largest ever purchased by Havana, can carry three types of oil products simultaneously. Cuba now relies on Soviet-chartered tankers for use in coastal trade; the new Soviet tankers will provide a more efficient system of petroleum distribution.

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